GUIDES FOR THE
NEW HOUSING EXPORTER

ARE YOU READY TO EXPORT?

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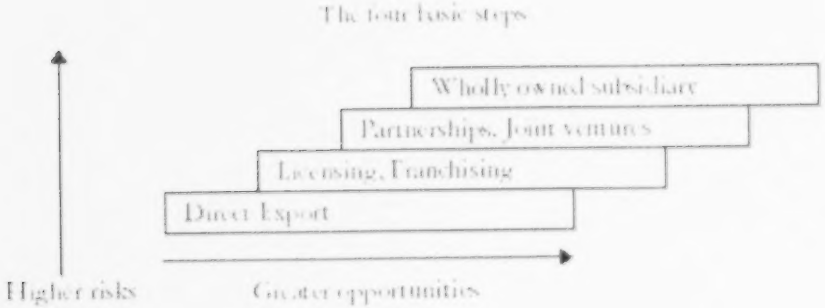
1. Doing Business Abroad

Doing business abroad may occur at four levels. Each involves a higher commitment, investment and risk level than the previous one and it may also offer a higher profit potential.



Direct exporting involves an effort on your part to identify prospective clients, agents or distributors in a specific foreign market. Direct export is not to be confused with selling locally to a client who takes it away to a foreign market. Because it involves less commitment, investment and risk than the next steps, direct exporting is generally viewed as the best way to begin doing business abroad.

Licensing and Franchising entails a higher level of involvement in the target market than direct exporting. Licensing involves selling someone the right to produce and/or sell a product or service which you have developed, generally under your brand name, in a specific foreign market. Franchising includes not only the product, but also the entire marketing process. The franchiser, located in the country of origin, gives the franchisee the right to operate in a foreign country, in a limited territory, the same type of business, under the same name and procedures. Licensing and Franchising require more investments, more time and more commitment than direct exporting.

The third level of involvement abroad involves taking a partner in the foreign country and creating a joint venture. Partnerships and joint ventures become attractive when the level of export business justifies beginning local production. Partnerships and joint ventures require significant long-term investments. Partnerships and joint ventures create more opportunities than lower levels of involvement, they are however considered riskier than licensing or franchising.

There are cases where the product being offered, or the foreign market opportunities, justify the creation of a wholly owned subsidiary. Wholly owned subsidiaries have the highest level of potential profitability, at the same time, they require the highest level of investment and commitment on the part of the investor and usually involve the highest level of risk.

This guide deals primarily with exporting, more precisely, it will help you determine whether you are export-ready and will assist you identifying areas of strengths and weaknesses. If you find that you are not quite ready, guide titled "Getting Ready to Export", will guide you through the major steps necessary to become export ready.

2. Distance, Difference and Risk

The three critical issues for anyone starting out in the export business are distance, difference and risk.

Doing Business at a Distance

Doing business at a distance involves different methods and skills than those needed to do business locally. People in the domestic housing business are hands-on people. They like to see and feel and discuss business face to face. Exporting, however, involves doing business mostly by fax, phone and paper. It involves doing business over large distances and across multiple time zones. Opportunities for face-to-face contacts tend to be brief and infrequent.

The keys to being able to do business at a distance are organization, resources, proper motivation, corporate commitment and the right communication tools.

Doing Business in a Different Environment

Foreign markets are not only further away, they are truly different from the domestic market. The northern U.S. housing market has many similarities with ours, same geography, same climate, same language, similar culture, same overall legal and economic environment. But all these similarities are the exception, not the norm. People who live in different countries, under different climates and cultures, tend to have different needs and desires, as well as different priorities. For example, Canadian housing exporters may not be prepared for the fact that large, bright, open concept, fully-equipped kitchens that are considered a "hot button" in Canada, may be viewed negatively in developing markets where the kitchen is still the purview of a lowly-paid hired cook.

The keys to being prepared to do business in a different environment are advanced knowledge and thorough planning.

Dealing With Risk

Doing business abroad involves such risks as shipment delays, documentation foul-ups, commercial risks, payment risks, financial risks, currency exchange fluctuations, local legal and liability risks and even political risks. By limiting yourself to direct exports, you are already minimizing those risks, but not eliminating them altogether. The key to being prepared is to have a good prior understanding of what these risks entail.

Some risks such as payment risks, exchange fluctuations and political instability can be dealt with through appropriate insurance and the use of letters of credit. In order to be export-ready, however, you must become *export savvy*. A key criterion of export readiness is whether you are familiar with each category of risk, what they involve and how you can protect yourself, or even use them to your advantage.

There are also certain risks, such as commercial risks, which cannot be insured. The best, and, in most cases, the only protection against slow or low market penetration is to have clear competitive advantages in the target foreign market, and sufficient staying power to be able to hang-on until all the problems are solved.

Being Ready to Do Business

You must be sure you have the right product at the right price and that you chose the right target market. When it comes down to actually doing business, you must have the proper tools, from calling cards to brochures, to samples and dedicated faxes.

3. Export Readiness Criteria

This section is intended to acquaint you with the key criteria that will determine if you, your company and your exportables are export-ready, i.e., if you have what it takes to do business at a distance, in a different environment and with added risks.

Starting From a Solid Home Base

Exporting offers exciting long-term growth and profit opportunities for small, medium and large companies alike. Thus, export activities should be carefully planned and backed by proper resources and commitment. Exporting is rarely ever a solution for disorganized companies with non-competitive products and faltering cash flows.

Starting from a solid home base means that your company should be well organized and have a solid track record of satisfied customers in your home market. A solid home base also includes competitive products or services which are backed by solid technical knowledge, competent management, and committed sales and support staff.

Human Resources Play a Major Role

Successful exporting requires experience with the export process and a thorough knowledge of the target market. Availability of staff with previous export experience and in-depth knowledge of the target market are considered strong indicators of a good export-oriented organization.

Initially, experience of the export process can be obtained from many sources including government, associations and publications, or obtained from a qualified consultant. Securing the services of a knowledgeable recent immigrant from the country you are targeting, or of a Canadian expatriate located in the foreign country, are additional ways to supplement the market awareness of your own management team.

Motives for Exporting

There are several good reasons for getting involved in direct exports. Foreign markets can become excellent complements to your home market. For example, if your activities slacken in the winter, you may find it profitable to develop a southern hemisphere foreign market which has opposite seasonal requirements.

Foreign markets are a good insurance against economic cycles in the domestic market. But, unless you are selling a commodity, exporting is not a quick way to make money, nor is it an activity that can be turned on or off, depending on the home market situation.

Exports can be used to exploit a firm's unique know-how in more markets, strengthen overall long-term expansion and increase overall company profitability.

Foreign markets do not evolve at the same rhythm as some markets are more conservative than others. As a result, you may be able to extend, profitably, the life-cycle of your products by introducing them to less advanced markets after they have peaked in the more advanced markets. As a matter of fact, you can also use export activities to begin manufacturing products that have not yet been introduced into the domestic market.

Finally, you can also use direct export to reduce short-term excess inventories.

Corporate Commitment

Developing a foreign market is time consuming. It takes time and commitment from senior management, sales and technical staff. It also takes money for product modifications, new packaging, translation, certification, shipping samples, participating in trade shows, travel to meet prospective clients and for problem solving.

Completing your first sale may take quite a while, it may be small and not very profitable, especially if you need to re-label, re-package or re-certify your exportables in order to meet local building code requirements.

One way to judge if you are export-ready is to determine whether you are willing and able to devote the same level of commitment and dedication to your export activities as you would for any market development activity in Canada.

Doing Business in a Different Environment

Experienced exporters claim that every hour spent getting organized at home saves twenty later. To maximize chances of success, you must be properly organized to do business at a distance, before getting involved in the export process. If you do not know where you are going, chances are you are not going to get there!

Because exporting involves doing business in an unfamiliar environment, it is unwise to rely unduly on your home market experience. Success in exporting requires good planning and attention to details. Key criteria to determine if you are export-ready include selecting a start-up target market, having a good understanding of the exportability and competitiveness of your products and services, and a reasonable familiarity with your target market's economic conditions, local competition, distribution channels, as well as the local language, culture and business rules and customs.

Export readiness can also be judged on the basis of your understanding the mechanics of the export process in general and of the export process to your target market in particular. Export readiness also entails clear export objectives in terms of time, expenditures, risks, volume of business and profitability, with clear, predetermined, *go no-go* decision points as well as an action plan that identifies tasks, responsibilities and resources.

If you meet the above requirements, you are ready to export, as far as good planning is concerned. However, before you do, you should still have a first-hand look at the market in which you intend to do business.

4. Dealing With Export Related Risks

Insurable and Non-Insurable Risks

You can insure a shipment or an investment and you can protect yourself from non-payment. But you cannot insure yourself against slow sales or lack of profitability. If you truly believe that there is a market for your product or service, and that success is a matter of investing more time and effort in that market, then, your best and probably only safeguard against failure is to have clear competitive advantages and as much staying power as possible.

Exporting Requires Competitive Advantages in the Target Market

To be export-ready for a given market, you must look at your competitive advantage in the context of that market and act accordingly. Being able to forget the home market competitive environment and being able to focus on the needs, wants and competitive situation in the target market, are important for export success. All those large picture windows which were such an asset back home may be a nuisance in tropical climates. The claim "easy maintenance which you can do yourself" may be perceived as a distinct liability in markets where any need for maintenance is a problem and where no maintenance is the rule.

Success is Often a Matter of Staying Power

What are you planning to export? Energy-efficient windows? A low-cost prefab housing manufacturing process? A computer-aided architectural design software? Your company's project management know-how? Whatever it is, you had better be prepared to let clients proceed at their own pace. Remember, to the importer, you are the one who represents distance, difference and risk.

Even the best product may fail to gain a foothold in a foreign market if you, or your local agent do not have the necessary staying power. People must get used to you. Buying a house or a major house component is a significant expense. Would you be willing to make such a purchase from somebody you never saw before and who may disappear tomorrow?

In certain markets, especially Japan and other Asian markets, business is almost never done on a first or even a second visit. Asian importers like to establish long-term business relationships. Having a local presence or showing up regularly is one way of establishing the kind of positive relation they like to build upon.

Doing Business at a Distance Requires the Right Tools

Exporters are very dependent on electronic communications. Good communication capabilities are a key factor in determining export readiness. Because of time-zone differences, a good telephone answering machine or voice-mail is a must. The ability to answer the telephone and written communications in your prospective client's language are a significant plus. Because faxes are the primary means of communicating between exporters and importers, export-ready companies make sure that their fax is on a separate telephone line or that they have a reliable telephone, fax, modem management software. Increasingly, export-ready companies have an Internet address and an Internet presence.

In all likelihood, you chose your current location because it was well located in relation to your domestic market as well as to your main suppliers. The same holds true with regard to exports. Ease and cost of travel and transportation to the intended foreign market are important criteria in determining your chances of becoming a successful exporter to that market.

Export shipments are often in container load sizes and are likely to represent a considerable short-term production load fluctuation. Capacity to accommodate important short-term production fluctuations are considered to be highly relevant to export-market development.

5. Choosing a Target Market

Whether you are ready to export or not depends on how well you are organized and how exportable your products or services are. But it also depends, to a great extent, to where you want to export. In this section, you will choose the market to which you would like to export, and in the next section, you will learn whether you are ready to export to that market.

Target Market Selection

Some foreign countries, such as the U.S., are very similar to Canada in terms of language, culture and economy. Because the housing industries in both countries are organized along the same lines and the housing market characteristics are similar, exporting to the U.S. is probably the easiest way to start your export efforts.

Selling to Japan, Europe, Eastern Europe, Latin America or Africa is another matter all together. Therefore, being export-ready to do business in the neighbouring U.S. is not the same thing as being export-ready to do business in other export markets.

In this section, you will be asked to select a start-up export target market. In subsequent sections, whenever you are asked a specific question pertaining to your target market, you will use the country you chose as the export target market, as the basis of your answers. For example, if Brazil is the target market you selected, then, when you are asked whether you are "familiar with the business language of your target market," you should answer based on whether you know Portuguese or not.

Why only one?

Exporting is complicated enough and risky enough as it is without adding to the costs and risks by starting with several unrelated target markets. In other words, it is probably fine to select Central America as your start-up target market because all the countries of the region share, to an extent, the same language, culture and many housing related issues. It would be much riskier to consider Eastern Europe as one homogeneous housing market, as language, culture, economy and other important factors differ considerably from one country to the next.

Questionnaire

Target Market Screening

Using an information source such as "Overview of Housing Export Opportunities for Canadians" (CMHC, 1996), the choice of a target market requires the following five steps.

The first step in selecting your export target market should be aimed at determining the maximum degree of difference that you would be prepared to tolerate. This is done by choosing one option among the following, where option A has the smallest difference and D the largest.

Is your product/service more likely to be sold in:

A. A fully developed economy e.g. U.S., Japan, Western Europe
B. A rapidly developing economy e.g. Korea, Thailand, Israel, Chile
C. An economy in transition e.g. Brazil, Czech Republic, Egypt, South Africa
D. A less developed economy e.g. Haiti, Mali, Burundi

Choose one: A ☐ B ☐ C ☐ D ☐

The second step in selecting a target market is still related to "difference", but is focused on linguistic and cultural differences. Here, you have to decide whether you are prepared to deal with a market that has extreme cultural and linguistic differences, such as Japan, or if you wish to start exporting to a country involving a minimum of cultural and linguistic difference.

A. Minimum differences e.g. U.S., U.K., Australia
B. Moderate differences e.g. Western Europe, Mexico
C. Extreme differences e.g. Japan, China, Ukraine

Choose one: A ☐ B ☐ C ☐

Please note that the second must be consistent with the first. For example, if you have chosen D (less developed countries) in Step 1, your choice in Step 2 will probably be B or C, as there are no less developed countries which have only "minimum differences" with Canada.

Having narrowed your choice considerably in the first two steps, you should now decide whether you are prepared to do business with far away clients or if you prefer to start exporting to closer markets.

A. Close by e.g. U.S., Mexico, Caribbean
B. Easily accessible e.g. Western Europe, Asia, Latin America
C. Not easily accessible e.g. Africa, Vietnam

Choose one: A ☐ B ☐ C ☐

Questionnaire (continued)

The fourth step in selecting a target market has to do with risk. How much commercial, political, currency exchange and other risks are you willing to take at this stage?

A. Very little or none e.g. U.S., Western Europe
B. Some, but limited e.g. Asia, Latin America
C. As much as needed if market opportunities warrant e.g. China, Cuba or Russia

Choose one: A ☐ B ☐ C ☐

The last step relates to accessibility. It is easier to do business with countries that have free trade agreements with Canada, such as the U.S., Mexico and soon Chile. It is harder to export to countries with import quotas, foreign exchange controls, local content requirements or other impediments to market access.

Consider the list of countries (it should be fairly short by now) which came out of the first four steps of your selection process. Which are the most accessible?

Most accessible country(ies):

_____

_____

_____

Under normal circumstances, this is the country, or small group of similar countries, that you should select as your start-up export target market.

6. Evaluating Your Export Readiness

This self-evaluation tool is intended for individuals and companies which are not yet involved in direct exporting or other more advanced forms of foreign business activities such as licensing, franchising or partnership. After you have answered the questions in each section, the guide will provide you with an assessment of your overall export readiness and make some preliminary recommendations. If you find that you are export-ready, congratulations. However, if you find that you still have significant weaknesses, but nonetheless want to get involved into exporting, you should consult the guide titled "Getting Ready to Export", which is a practical guide to overcoming impediments to being export ready.

In the following section you will find out whether you have the necessary infrastructure, background, resources, products, motives and corporate commitment to be considered an export-ready company. The purpose of this self-evaluation guide is to insure that you are export-ready before venturing into your selected target market.

Doing Business at a Distance

Questionnaire

Do you have a solid home base?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. Your company has been in business for:

a) Less than 2 years ☐
b) 2 to 5 years ☐
c) 6 to 10 years ☐
d) Over 10 years ☐

2. How many full-time employees do you have:

a) Under 20 full-time employees ☐
b) 20 to 49 full-time employees ☐
c) 50 to 99 full-time employees ☐
d) Over 100 full-time employees ☐

3. Last year's gross sales amounted to:

a) Less than $1 million ☐
b) Between $1 to $4 million ☐
c) Between $5 to $10 million ☐
d) Over $11 million ☐

4. Over the past five years, company sales have:

a) Declined or stagnated ☐
b) Grown less than home market ☐
c) Not reached full market potential ☐
d) Reached full market potential ☐

5. Current company objectives focus on:

a) Short-term survival ☐
b) Immediate profitability ☐
c) Moderate sales growth ☐
d) Aggressive sales growth ☐

6. Does your company sell :

a) Mainly to local customers ☐
b) Only in one Canadian region ☐
c) To several Canadian regions ☐
d) Nationally ☐

7. Your company has:

a) Never exported ☐
b) Made some sales to neighbouring U.S. states ☐
c) Exported by selling to agents or other middlemen in Canada ☐
d) Had its products included as components in exports by others ☐

8. Do you fulfill the requirements for ISO-9000 or other relevant ISO quality standards?

a) No ☐
b) Eventually ☐
c) Soon, we are working on it ☐
d) Yes ☐

9. How do you compare the quality of your products with that of your competitors?

a) Somewhat inferior ☐
b) Equal ☐
c) Somewhat better ☐
d) Clearly superior ☐

Questionnaire (continued)

Please indicate how many A, B, C, and D responses you had in the preceding section. Using the score values indicated, calculate the cumulative scores for this section.

Example: If you selected A three times, B three times, C twice and D once, you should fill the scoring table as follows:

Choices	Frequency		Value		Cumulative Score
A	3	x	0	=	0
B	3	x	1	=	3
C	2	x	2	=	4
D	1	x	3	=	3
Total Score					10 points

HOME BASE STRENGTH

Choices	Frequency		Value		Cumulative Score
A	___	x	0	=	___
B	___	x	1	=	___
C	___	x	2	=	___
D	___	x	3	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 9 points, your company appears to lack some of the basic background aspects that are generally associated with export-ready companies. Unless you score strongly in most of the following sections, you should consider delaying export oriented activities while your company gets better established.

If you scored between 10 and 19 points, your company fulfills some of the home-base strength requirements necessary to be export-ready, but it still lacks some key components.

If you scored between 20 and 27 points, your company appears to possess the basic "home-base" requirements for export readiness. Full export-readiness does, however, require far more. To be truly export-ready, you will also need to satisfy the export readiness related requirements covered in the other sections of this guide.

Questionnaire

Are your products/services easy to export?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *No extensive training is needed to install, operate or use our products*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

2. *Our products require little after-sales support*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

3. *Our products can be easily adapted to a variety of different needs*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

4. *Our product has significant technological or efficiency advantages over the competition*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

5. *Our prices are somewhat lower than those of our major international competitors*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

6. *Products can be disassembled to lower shipping costs or duties*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

7. *Climate has little impact on the usefulness or durability of our products/services*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

8. *Tariff levels for this product are generally low*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

9. *Products can be easily modified to meet mandatory foreign building code standards*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐

10. *Product, packaging and labeling are easy to adapt to foreign market requirements*
    - a) True ☐
    - b) False ☐
    - c) Don't know/Not applicable ☐

Questionnaire (continued)

11. Products/services of this type are already well known in most foreign markets

a) True ☐
b) False ☐
c) Don't know/Not applicable ☐

Ease of Export

Please indicate how many True, False, Don't know/Not applicable answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
True	___	x	1	=	___
False	___	x	0	=	___
Don't know/ Not applicable	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 6 points, your products and services do not appear to be easily exportable, with the emphasis on easily. Exporting those types of products or services is likely to take a lot of time, and probably a lot of money. If you decide to export at all, you should consider focusing your initial export efforts in a developed market where this type of product is already well-known and where installation, maintenance and use are going to be less of a problem. This of course, provided that you have some distinct competitive performance or price advantages.

If you scored between 7 points and 11 points, your products and services appear to be easily exportable. This should be a great incentive to consider exports as an option, provided that you achieve a similarly favourable score in the other sections of this self-evaluation guide.

Questionnaire

Does your company have the necessary resources?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Your staff has:*
   - a) No experience in exporting ☐
   - b) Some experience in exporting ☐
   - c) Moderate experience in exporting ☐
   - d) Considerable experience in exporting ☐

2. *Your staff has:*
   - a) No knowledge of foreign cultures and business customs ☐
   - b) Some knowledge of foreign cultures and business customs ☐
   - c) A moderate knowledge of the culture and business customs of the target market ☐
   - d) Considerable knowledge of the culture and business customs of the target market ☐

3. *Members of your management and sales team:*
   - a) Have no knowledge of foreign languages ☐
   - b) Have no knowledge of the language of the target market ☐
   - c) Have a limited knowledge of the business language of the target market ☐
   - d) Are fluent in the local dialects and business language of the target market ☐

4. *Finding external sources of funds for expansion or working capital is:*
   - a) Very difficult ☐
   - b) Difficult ☐
   - c) Reasonably easy ☐
   - d) Very easy ☐

5. *Additional financial and human resources for foreign market development:*
   - a) Are not available ☐
   - b) Will have to come from reducing domestic market activities ☐
   - c) Can be found without significantly affecting domestic activities ☐
   - d) Are available without affecting domestic activities ☐

6. *How much spare capacity does your company have?*
   - a) Company has no spare production capacity ☐
   - b) Company would face considerable difficulties in meeting foreign orders ☐
   - c) Company could meet foreign orders with some delays ☐
   - d) Company could meet foreign orders promptly ☐

Questionnaire (continued)

Company Resources

Please indicate how many A, B, C and D answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
A	___	x	0	=	___
B	___	x	1	=	___
C	___	x	2	=	___
D	___	x	3	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 6 points, your company appears to lack some of the basic resources that are generally associated with export-ready companies. Unless you score strongly in most of the other sections, you should consider delaying export-oriented activities while you acquire the required additional resources.

If you scored between 7 points and 13 points, your company fulfills some of the resources requirements necessary to be export-ready, but it appears that it still lacks some key resources.

If you scored between 14 points and 18 points, your company appears to possess most of the basic human, financial and production related resources required for export readiness. Full export readiness does however require more than basic resources availability. To be truly export-ready you will also need to satisfy the export readiness related requirements covered in the other sections of this self-evaluation guide.

Questionnaire

Why do you want to export?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

I want to export in order to:

1. *capitalize on a customer from the target market that has been buying from you and shipping it himself*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
2. *exploit a sales opportunity created by a referral*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
3. *capitalize on previous sales by an independent agent active in that market*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
4. *dispose of excess domestic inventory*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
5. *utilize the company's production capacity more effectively*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
6. *stabilize seasonal market fluctuations*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
7. *improve long-term overall expansion opportunities*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
8. *extend the life-cycle of existing products*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
9. *reduce future market cycle risks by selling into different markets*
   - a) True ☐
   - b) False ☐
   - c) Don't know/Not applicable ☐
10. *exploit the company's technological advantages and know-how in more markets*
    - a) True ☐
    - b) False ☐
    - c) Don't know/Not applicable ☐

Questionnaire (continued)

11. improve overall return on investment

a) True ☐
b) False ☐
c) Don't know/Not applicable ☐

12. acquire new knowledge and experience applicable to your domestic market

a) True ☐
b) False ☐
c) Don't know/Not applicable ☐

Company Motives

Please indicate how many True, False, Don't know/Not applicable answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
True	___	x	1	=	___
False	___	x	0	=	___
Don't know/ Not applicable	___	x	0	=	___
Total Score					___ points

Interpretation

Any single True answer may be sufficient to justify getting involved in exporting, however, the more true answers, the more your company stands to benefit from exporting.

A score of 7 or more points indicates that, from the point of view of motivation, you are export-ready and that you probably should consider exporting as a priority.

Questionnaire

How Strong is the Corporate Commitment?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Management is in favour of having the company begin to export*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

2. *Management will ensure that there is enough money to cover export development expenses*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

3. *Management is prepared to wait for two or three years until exports become profitable*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

4. *Senior managers will spend a minimum of 10% of their time in support of export efforts*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

5. *Senior sales and production managers will also spend a minimum of 10% of their time in support of export efforts*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

6. *Management views exporting as a long-term priority which should not be scaled down when local sales are strong*

   a) True ☐
   b) False ☐
   c) Don't know/Not applicable ☐

Corporate Commitment

Please indicate how many True, False, Don't know/Not applicable answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
True	___	x	1	=	___
False	___	x	0	=	___
Don't know/ Not applicable	___	x	0	=	___
Total Score					___ points

Questionnaire (continued)

Interpretation

If you scored between 0 points and 3 points, your company appears to have a rather low level of corporate commitment to exporting. Beginning export related activities without a strong corporate commitment is dangerous. Developing foreign markets takes considerable time and effort. Individuals who have attempted to develop foreign markets without a strong corporate commitment have generally failed because they have been unable to sustain the effort and pay the "entry" cost into the new market. Although it is possible to achieve success with only lukewarm corporate commitment, especially when one scores early successes, getting involved into exporting without sufficient corporate commitment is risky. Unless you score strongly in most of the other sections, which is an indicator that you might score an early success, you should consider delaying export oriented activities until you achieve a better level of corporate commitment.

If you scored between 4 points and 6 points, your company appears to have the appropriate level of commitment necessary to achieve export success. Corporate commitment is a key ingredient to export readiness. Unfortunately, corporate commitment does not, by itself, guarantee success. Full export readiness also requires that you satisfy the export readiness related requirements covered in the other sections of this self-evaluation guide.

Doing Business in a Different Environment

In the chapter titled "Choosing a Target Market" you were asked to select a start-up export target market. In this section you will find out if you have the necessary knowledge to be considered export-ready for that particular market. If at the end of this chapter you find that, in retrospect, there are too many negatives, or unknowns for the target market you have chosen, feel free to go back and change your choice of target market, and start this section anew.

Indicate below the country(ies) you have selected as your start-up target market (see page 13). All target market questions should be answered with this in mind.

_____

_____

_____

How much do you really know about your proposed target market?

The more you know about your target market, the easier it should be to do business, provided that there is a demand for your product or service. Knowledge is an obvious way of reducing differences and risks.

Some business people claim that if you limit yourself to exporting, knowing your target market is not important unless you start investing locally. Knowing your target market may not be important if all you intend to do is sell your product "as is", without adjusting or modifying it in any way to enhance its attractiveness to the target market. But, unless you are exporting a commodity such as lumber, cement, steel, glass, etc., you will likely loose a lot of export opportunities and face more delays, disappointments and risks than if you were really well informed about your target market.

Experience shows that only a company which has a fair knowledge of its target market can be considered export-ready for that particular market.

Questionnaire

Are you knowledgeable about the country and the people?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Are you familiar with the country's population size, growth and density factors, and how these may impact on housing product related demand?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Are you familiar with the country's basic demographics pertaining to family formation, family sizes, composition, etc., and other similar factors which may impact housing product related demand?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Are you familiar with the country's rural migration trends and other similar factors which may impact housing product related demand?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Are you familiar with the country's climate, weather variations, and other similar factors which may impact housing product related demand?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Are you familiar with the country's geography, distances, shipping alternatives and shipping costs from your plant to the most likely markets?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Are you familiar with the availability, abundance and cost of important building materials and components such as lumber, cement, bricks, drywall, roofing materials, windows, doors, and other similar factors which may impact housing product related demand?*

   a) Yes ☐
   b) No/Not sure ☐

Questionnaire (continued)

Country and the People Knowledge

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 3 points, you appear to have a rather low level of knowledge of the characteristics of the country and the people in your intended target market. Beginning export related activities without a reasonable level of knowledge is dangerous. Although it is possible to achieve initial sales without target market knowledge, you should probably consider delaying export efforts until you become more familiar with the basics of the country. You may find out that the market has less potential than initially expected and that you would be better off concentrating your efforts in another market.

If you scored between 4 points and 6 points, you appear to have at least a basic knowledge of the country and the people in your target market. This kind of knowledge is an important ingredient to "export readiness". Please check if you have a similar level of knowledge for the other key market knowledge areas reviewed below.

Questionnaire

Are you knowledgeable about the local politics and the economy?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Are you familiar with the system of government in your target market and its policies pertaining to business in general, housing, the housing industry in particular, and the importing of housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Do you have a good appreciation for the political stability of the country?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Do you know if housing is a long-term government priority in that country?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Is market growth in housing primarily in social housing, apartment dwellings, or in single detached private housing, and are market trends compatible with what you want to export to that country?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Are you familiar with the situation with regard to inflation, mortgage credit availability, currency stability and exchange controls, and their possible impact on the on-going importing of housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Are you familiar with the per capita income, income distribution and spending patterns as they affect demand for housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

Local Politics and Economy Knowledge

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Questionnaire (continued)

Interpretation

If you scored between 0 points and 3 points, you appear to have a rather low level of knowledge of the basic politics and economy of your intended target market. As in the case of being informed about the country and the people, beginning export related activities without a reasonable level of knowledge is dangerous. You should probably consider delaying export efforts until you become more familiar with the basics of the country.

If you scored between 4 points and 6 points, you appear to have at least a basic knowledge of the politics and economy of your target market. This kind of knowledge is an important ingredient to export-readiness, but it is not sufficient to ensure success. Please check if you have a similar level of understanding for the other key market knowledge areas reviewed in this section.

Questionnaire

What do you know about the society and its culture?

In order to be able to purchase a product, it must be available and you must have the means to afford it. But availability and ability to pay do not necessarily mean that this is what you will buy, unless of course there is nothing else. Only by understanding a country's culture and society is one able to understand what motivates its consumers. Being knowledgeable about a country's socio-cultural environment is therefore an important component of export readiness in relation to that country.

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Are you familiar with the country's literacy rate and educational level as they affect both the demand for housing and the availability of qualified workers and trades people?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Are you familiar with the country's class or caste systems as they affect the demand for housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Are you familiar with the country's major religious denominations and their beliefs, moral and ethical codes as they affect the demand for housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Are you familiar with people's attitude toward foreign goods in general and Canadian housing related products in particular?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Are you familiar with the country's main business language?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Are you familiar with the country's main native languages?*

   a) Yes ☐
   b) No/Not sure ☐

Questionnaire (continued)

Social and Cultural Knowledge

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 3 points, you appear to have a rather low level of knowledge of the target market's society and culture. This is likely to make adaptability of products to the market and even negotiations more difficult and may lead to disappointing results. You should probably consider delaying export efforts until you become more familiar with the basics of the country.

If you scored between 4 and 6 points, you appear to have at least a basic knowledge of the society and culture of your target market. Understanding the country's society and culture should make it easier for you to adjust your products and your advertising to the local environment. It should also help you in conducting negotiations with local clients and government officials. As a whole, being familiar with the society, culture and language should reduce the effects of difference and risk. You may also enjoy it more, at a personal level. This kind of knowledge is an important ingredient to export readiness but, as usual, it is not sufficient to ensure success. Please check if you have a similar level of understanding for the other key market knowledge areas reviewed in this section.

Questionnaire

What do you know about market accessibility?

All the market potential and market knowledge will probably be wasted if the market is not accessible because of trade barriers or other forms of trade restrictions. Knowing the barriers is an important component of being export-ready with regard to a specific market.

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Are you familiar with the existence or impending changes in trade restrictions, quotas, tariffs, non-tariff barriers and bilateral or multilateral trade agreements which may impact the local housing industry and/or the importing of housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Are you familiar with existing or impending regulations on local content requirements or other similar restrictive legislation which may impact the local housing industry and/or the importing of housing and housing related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Are you familiar with the business practices of customs officials, municipal officials and other government officials which may be involved in approving the importing of housing, components and related products and services?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Do you know if Canadian banks will accept letters of credit issued by banks in that country and whether Export Development Corporation will insure your exports?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Are you familiar with the documentation and other import regulations applicable on housing products and service related imports?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Do you know if it is possible to find the kind of builders, developers, renovators, distribution outlets or trades people necessary to handle, distribute, install and maintain the type of product/service you want to export?*

   a) Yes ☐
   b) No/Not sure ☐

Questionnaire (continued)

Market Accessibility Knowledge

Please indicate how many Yes, No/Not Sure answers you had. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 points and 3 points, you appear to have a rather low level of knowledge of your intended target market's accessibility. Trying to export to a country without first checking market accessibility may lead to disappointment and considerable loss of time and money. Although accessibility by itself is no guarantee of success and profits, it is an important pre-condition. You should definitely consider delaying export efforts until you become more familiar with the basics of the country, especially if you answered negatively to question 6.

If you scored between 4 and 6 points, you seem to have at least a basic knowledge of the accessibility of your target market, especially if you answered positively to question 6. This kind of knowledge is an important ingredient to export readiness, but it is not sufficient to ensure success. Please check if you have a similar level of understanding for the other key market knowledge areas reviewed in this section.

Questionnaire

Do you have an export plan?

A good export plan will ensure that all the main barriers to export success have been identified and that appropriate strategy, schedules and resources have being developed. A company must have a proper export plan to be export-ready.

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Do you have a formal export plan?*
   - a) Yes ☐
   - b) No/Not sure ☐

2. *Do you know which specific products/services you will try to export ?*
   - a) Yes ☐
   - b) No/Not sure ☐

3. *Does your plan review the significant similarities and differences between your home market environment and the proposed foreign target market?*
   - a) Yes ☐
   - b) No/Not sure ☐

4. *Have you identified a specific market segment to start with?*
   - a) Yes ☐
   - b) No/Not sure ☐

5. *Do you know how your type of product is distributed and marketed there?*
   - a) Yes ☐
   - b) No/Not sure ☐

6. *Have you identified your export sales targets for the first 6, 12, 18 and 24 months?*
   - a) Yes ☐
   - b) No/Not sure ☐

7. *Do you have clearly set go no-go dates and sales targets?*
   - a) Yes ☐
   - b) No/Not sure ☐

8. *Do you have a list of prospective importers or clients in the target market?*
   - a) Yes ☐
   - b) No/Not sure ☐

9. *Do you have a list of publications, trade missions, trade fairs, etc., to be used in promoting your product in the target market?*
   - a) Yes ☐
   - b) No/Not sure ☐

10. *Do you have the budget and other resources to implement your export plan?*
    - a) Yes ☐
    - b) No/Not sure ☐

Questionnaire (continued)

Export Plan

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 and 3 points, it does not seem that you have a plan, or at least a fully articulated one. Starting without a plan is both dangerous and wasteful. If you lack a lot of the necessary information, it would be advisable to get it before you start investing significant amounts of time and money. You should consider developing an export plan, even if it has to be frequently modified and updated. As it is, you are not export-ready and should probably consider delaying export efforts until you are better prepared.

If you scored between 4 and 7 points, you seem to have some form of planning, although probably not an organized, formal plan. You should at least make sure that you have covered all the main topics, and a formal plan would help considerably toward that aim. An export plan does not have to be fancy, a set of index cards linked to a set of folders may be sufficient. On the other hand, if you are going to approach a bank or Canada's Export Development Corporation (EDC) for financing or insurance, a more structured document is preferable.

If you scored between 8 and 10 points, you seem to have most of the elements of a good formal export plan. Even a good export plan will have to be modified and updated from time to time, but it should help you obtain financing from your bank and assistance from EDC. In addition, a good plan usually proves invaluable in maintaining corporate commitment in the face of inevitable delays and disappointment. At any rate, a simple, realistic export plan is considered the hallmark of export readiness.

Dealing With Risk

In this section you will find out whether you have the necessary understanding of export financing, insurance and assistance to be considered export-ready and whether you have the staying power until markets grow to a profitable level. You will also be able to verify if your export plan includes the necessary reality check. Last, but definitely not least, you will be able to find out whether you are really ready to do business. This is not a test, the purpose of this self-evaluation guide is to help you make sure that you are export-ready.

Questionnaire

Are you familiar with the *ins* and *outs* of export financing, insurance and assistance?

How many of your home market clients pay cash on delivery? How many would be willing, or able to deposit that cash in a blocked account 30, 60 or even 90 days in advance? Although most start-up exporters insist on payment by letter of credit, extending credit to your foreign client generally results in more and larger sales. At the same time, this represents considerable risks. In this section we will check your knowledge of export assistance programs, export financing and related insurance mechanisms, all of which are key ingredients to being export-ready.

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Do you know how to secure additional working capital to cover export needs?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Do you know where and how to secure buyer financing?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Do you know how to insure yourself against non-payment, other than letters of credit?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Do you know how to convert your export credit receivable into cash?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Are you familiar with the federal and provincial export support programs which may help you defray such things as travel costs to your target market, market studies and participation in trade missions and trade fairs??*

   a) Yes ☐
   b) No/Not sure ☐

Questionnaire (continued)

Risk Management

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 and 3 points, it does not seem that you have a complete knowledge of financing, insurance and assistance opportunities, especially if you answered "no" to question 5. Being aware of these opportunities could be very important in determining your export success. As it is, you are not export-ready and should probably consider delaying export efforts for a short while, until you are better prepared. If you still want to go ahead, you should consider a very low-risk country as your first export market.

If you scored between 4 and 6 points, provided you answered "yes" to question 5, you appear to have a fair-to-good general grasp of export financing, insurance and assistance programs. This should help you considerably in securing export business and reducing your costs and risks. This appears to be one more positive step in your overall "export readiness".

Questionnaire

Do you have the staying power?

Although it may happen, you should not expect to secure substantial sales in your first contact. As a rule, it may take months, and often one or two years until you close your first substantial order. In the meantime, costs such as redesigning, translation, sample shipping, travel and participating in fairs and missions are likely to add to a substantial investment. Do you have the resources, both in human and financial terms to wait?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Could you support a sustained export development effort with little or no export sales, or export profits for one or two years?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Does your business generate a steady positive cash flow?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Would you continue export efforts if the home market heats up, or dries up?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Is it possible that over the next two years, another foreign market may become more attractive than this one, and if so, would you:*

   a) Abandon this one and concentrate on the more attractive one ☐
   b) Continue to develop this one as well as the more attractive one ☐

5. *Can your business cope with a sudden increase in demand?*

   a) No, we operate at full capacity ☐
   b) Yes, we do not operate at full capacity, or we can subcontract ☐

Questionnaire (continued)

Staying Power

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the values indicated, calculate the cumulative score and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 and 3 points, it does not seem that you have the necessary staying power to get involved into exports without considerable risk, especially if you answered no to question 1. As it is, you are not export ready and should probably consider other options, especially if you were considering exports as an easy, and quick means of compensating for home market troubles.

If you scored between 4 and 5 points, provided you answered yes to question 1, you may have the staying power necessary to undertake a sustained export program. This is considered an important component of being export readiness.

Questionnaire

How about a reality check?

Planning is a must, but making sure that your plan is complete and realistic for your intended target market is almost as important.

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

Have you discussed your export plans with knowledgeable people such as:

1. *Other Canadian exporters of housing, housing components, housing related professional services and/or exporters of related products who are knowledgeable about the target country?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Canadian exporters of non competing products who are knowledgeable about the target country?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Export promotion assistance staff in your provincial government, industry associations, CMHC, Department of Foreign Affairs or Industry Canada?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Did you attend any conferences or seminars focused on doing business abroad, or even better, on doing business in your target market?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Did you participate in a trade mission to that country in the last three years?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Did you or will you visit the country before you finalize your export plan and start to implement it?*

   a) Yes ☐
   b) No/Not sure

Questionnaire (continued)

Reality Check

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 and 3 points, you do not appear to have planned on a reality check for your intended export activities. Is this because you do not have a plan? A plan and an external reality check are always good ideas when you are entering unknown territory. A reality check is a low-cost insurance against embarrassment, disappointment and failure. It is highly recommended and a necessary step in becoming export-ready.

If you scored between 4 and 6 points, congratulations! You appear to have included some level of reality checking into your planning process. Listen to what your external reviewers have to say. If you have done your homework conscientiously, they will probably tell you that your plan denotes that you are export-ready.

Questionnaire

Are you really prepared to do business?

So you have selected a target market, studied it, acquired all the reams of knowledge, learned the language, or at least enough to go around, modified your product to meet expected market requirements, reduced your costs to be able to beat the competition. Very well, but are you ready to export? Or more specifically, are you ready to do business?

Answer each question by putting a check mark in the appropriate box. Only one check mark per question, please.

1. *Do you have good quality business cards in the appropriate language(s)?*

   a) Yes ☐
   b) No/Not sure ☐

2. *Do you have a brochure or similar handouts describing your company, its products, its strength, etc., in the appropriate language(s)?*

   a) Yes ☐
   b) No/Not sure ☐

3. *Do your business cards and brochure include a clear, complete address (street, city, province, postal code and "Canada"), contact person, both fax and phone number, including area code?*

   a) Yes ☐
   b) No/Not sure ☐

4. *Do you have a Fax, and is it on a separate line from your phone?*

   a) Yes ☐
   b) No/Not sure ☐

5. *Can the receptionist take calls in the language of your target market, or at least, is there somebody designated to do that?*

   a) Yes ☐
   b) No/Not sure ☐

6. *Do you have free samples, videos, newspaper or magazine articles about your firm or other materials that could be distributed to prospective clients?*

   a) Yes ☐
   b) No/Not sure ☐

7. *You probably know your "Plant door" prices, but do you know your FOB (Free on Board) prices, your CIF (Cost Insurance and Freight) prices for that market, as well as the probable fully-delivered cost to your clients (including such additional costs as duties, unloading charges, taxes and local freight)?*

   a) Yes ☐
   b) No/Not sure ☐

8. *Do you have an Internet address? What about a Web page?*

   a) Yes ☐
   b) No/Not sure ☐

9. *Can you offer a warranty and/or locally-based repairs and maintenance to foreign customers?*

   a) Yes ☐
   b) No/Not sure ☐

Questionnaire (continued)

10. Do you have endorsements or recommendations from current customers in your home market or from well-known people or organizations in the target market?

a) Yes ☐
b) No/Not sure ☐

11. Could you contrast your firm, its products and services clearly with those of your three main competitors in the target market, in 25 words or less?

a) Yes ☐
b) No/Not sure ☐

Readiness

Please indicate how many Yes, No/Not Sure answers you had in the preceding section. Using the score values indicated, calculate the cumulative scores and insert the total score.

Choices	Frequency		Value		Cumulative Score
Yes	___	x	1	=	___
No/Not Sure	___	x	0	=	___
Total Score					___ points

Interpretation

If you scored between 0 and 6 points, especially if you answered "no" on questions 1 to 7, it does not seem that you are quite ready to go out and close export deals. Most of the items suggested in this section are simple, straightforward, but very important. You should consider acquiring most of them before starting on your export journey. If this is all you are lacking, you are almost export-ready, but you are not there yet.

If you scored between 7 and 11 points, especially if you scored high in questions 1 to 7, it would appear that you are ready, or almost export-ready. Review those items for which you are still unprepared and try to maximize your export readiness.

7. What is Your Overall Level of Export Readiness

Look at your scores for "Doing Business at a Distance" (pages 16-24) and make the appropriate check marks in the corresponding columns of the table below.

Example, if you scored 14 in question 1, check column two.

Column 1	Column 2	Column 3
0-9_____	10-19 ___X___	20-27_____

	Column 1	Column 2	Column 3
Home Base Strength (Total Score – page 17)	0-9_____	10-19_____	20-27_____
Ease of Export (Total Score – page 19)	0-6_____		7-11_____
Company Resources (Total Score – page 21)	0-6_____	7-13 _____	14-18_____
Company Motives (Total Score – page 23)	0_____	1-6 _____	7-11_____
Corporate Commitment (Total Score – page 24)	0-3_____		4-6_____
TOTAL	_____	_____	_____

Write the total of each column below, multiply by the values and add the total score:

		Value		Cumulative Score
Column 1	_____	x 0	=	___0___
Column 2	_____	x 1	=	_____
Column 3	_____	x 2	=	_____
	TOTAL SCORE		=	_____

Interpretation

If you scored between 0 and 5, it does not seem that your company has what it takes to venture into the exporting business without taking considerable risks. You should probably avoid focusing on exports for the moment. Working at improving your company's overall strength should put you in a more favorable position in the future.

If you scored between 6 and 8, your company does not seem to have a complete combination of background, products, resources, motivation and corporate commitment necessary to do business abroad without incurring a substantial risk of failure, unless you have a definite client in a low-risk country such as a neighbouring U.S. state.

If you scored between 9 and 13, it appears that your company has a reasonable combination of background, products, resources, motivation and corporate commitment necessary to start doing business abroad.

Look at your scores for "Doing Business in a Different Environment" (pages 25-36) and make the appropriate check marks in the corresponding columns of the table below.

	Column 1	Column 2	Column 3
Country/People Knowledge (Total Score - page 28)	0-3_____		4-6_____
Local Politics/Economy (Total Score - page 29)	0-3_____		4-6 _____
Social/Cultural Knowledge (Total Score - page 32)	0-3_____		4-6 _____
Market Accessibility (Total Score - page 34)	0-3_____		4-6 _____
Export Plan (Total Score - page 36)	0-3_____	4-7 _____	8-10 _____
TOTAL	_____	_____	_____

Write the total of each column below, multiply by the values and add the total score.

			Value		Cumulative Score
Column 1	_____	x	0	=	___0___
Column 2	_____	x	1	=	_____
Column 3	_____	x	2	=	_____
	TOTAL SCORE			=	_____

Interpretation

If you scored between 0 and 5, you do not seem to have the necessary knowledge to do business with the target market you selected. Because of that, your export plan (if you have one) should be viewed with reservations. You definitely need more knowledge before making substantive investments in time, effort and money in that market, unless you have a clearly identified client who is prepared to help you.

If you scored between 6 and 8, depending on how you scored on the section "Do you have an export plan?" (pages 35-36), you appear to be more or less ready to export to the target market of your choice. You would, however, benefit from improving your knowledge of that market.

If you scored between 9 and 13, especially if you scored high in the section "Do you have an export plan?" (pages 35-36), your company appears to have many, if not most of the requisites necessary to be export-ready for that particular target market.

Look at your scores for "Dealing With Risk" (pages 37-44) and make the appropriate check marks in the corresponding columns of the table below.

	Column 1	Column 2
Risk Management (Total Score – page 38)	0-3_____	4-6_____
Staying Power (Total Score – page 40)	0-3_____	4-5 _____
Reality Check (Total Score – page 42)	0-3_____	4-6 _____
Readiness (Total Score – page 44)	0-3_____	7-11 _____
TOTAL	_____	_____

Write the total of each column below, multiply by the values and add the total score.

		Value		Cumulative Score
Column 1	_____	x 0	=	0
Column 2	_____	x 1	=	_____
	TOTAL SCORE		=	_____

Interpretation

If you scored less than a full four, you are not ready. Each of the areas covered in this section are essential to being ready to export. You cannot expect to succeed if you do not know the basics of the export process or if you do not have the tools to communicate with your target market, meet the people and close a deal. If you do not have the necessary staying power, think again!

Finally, if you did not submit your plans to a reality check, you may find out later that because you overlooked or misinterpreted something, all your efforts will have been in vain.

8. Should You Get Involved In Exporting?

In the preceding section, you have calculated your overall scores for "Doing Business at a Distance", "Doing Business in a Different Environment" and "Dealing with Risk". Below you will find suggestions and recommendations based on the summary of your overall scores.

What should you do if your overall scores are low?

If your score is low in all three sections, and especially if it is very low in section one, "Doing Business at a Distance", your company may not be in a position to begin investing time and money into exporting. Getting involved in exporting may be premature and involve considerable risks for which your company is not prepared.

If you decide to go ahead despite the risks, or if you wish to prepare yourself for the future, you should consult the guide titled "Getting Ready to Export".

What should you do if your overall scores are average?

If your score indicates that your company has some, but not all the characteristics of a potentially successful exporter, you should definitely consult the guide titled "Getting Ready to Export" in order to eliminate your major areas of weakness and capitalize further on your existing strengths.

What should you do if your overall scores are high?

Congratulations! Your overall high scores appear to indicate that you are ready to export, or almost. You may, however, wish to consult the guide titled "Getting Ready to Export" in order to improve your readiness in those specific areas where you still have some weaknesses.